

Message Text

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41

ACTION NEA-10

INFO OCT-01 ISO-00 AID-05 CIAE-00 COME-00 EB-07 FRB-01

INR-05 NSAE-00 RSC-01 TRSE-00 XMB-02 OPIC-03 SP-02

CIEP-01 LAB-04 SIL-01 OMB-01 NSC-05 SS-15 STR-01

CEA-01 DODE-00 PM-03 H-01 L-02 PA-01 PRS-01 USIA-06

/080 W

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R 031044Z DEC 74

FM AMCONSUL KARACHI

TO SECSTATE WASHDC 8512

INFO AMEMBASSY ISLAMABAD

AMEMBASSY KABUL

AMCONSUL LAHORE

AMEMBASSY NEW DELHI

AMEMBASSY TEHRAN

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E.O. 11652: N/A

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SUBJECT: IRANIAN PROJECT ASSISTANCE IN BALUCHISTAN

REF: ISLAMABAD 6871; ISLAMABAD A-121, JULY 24, 1974;

KARACHI A-83, AUG. 7, 1974; KARACHI A-63, JUNE 7, 1974

BEGIN UNCLASSIFIED

SUMMARY: ON RETURNING FROM TEHRAN, A BALUCHISTAN MINISTER TOLD THE PRESS THAT IRAN HAD AGREED TO PROVIDE THE QUIVA-LENT OF RS 67 CRORES (\$67 MILLION) TO MEET THE FOREIGN EXCHANGE COSTS OF ESTABLISHING TWO TEXTILE MILLS, A CEMENT PLANT, A MEDICAL COLLEGE, AND AN ENGINEERING COLLEGE IN THAT PROVINCE. HE ALSO ANNOUNCED THAT THE IRANIAN RED LION AND SUN SOCIETY WOULD PROVIDE THE EQUIVALENT OF RS 44

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CRORES (\$44 MILLION) FOR A PROPOSED DISPENSARY. THE

GOVERNMENT-TO-GOVERNMENT ASSISTANCE WILL APPARENTLY BE PROVIDED UNDER THE \$580 MILLION IRANIAN LOAN TO PAKISTAN ANNOUNCED LAST JULY 18 (REFTEL). END SUMMARY.

1. RETURNING TO QUETTA DECEMBER 1 AFTER A WEEK'S VISIT TO TEHRAN, BALUCHISTAN INDUSTRIES MINISTER SAIFULLAH PARACHA ANNOUNCED TO THE PRESS THAT IRAN HAD AGREED TO PROVIDE THE EQUIVALENT OF RS 60 CRORES FOR THE FOREIGN EXCHANGE COSTS OF CONSTRUCTION IN BALUCHISTAN OF TWO TEXTILE MILLS OF 50,000 SPINDLES/1,000 LOOMS EACH AT ALELI (NEAR QUETTA) AND UTHAL (LAS BELA DISTRICT) AND OF A CEMENT PLANT AT SPINTANGI (NEAR SIBI) WITH AN ANNUAL CAPACITY OF 300,000 TONS, 270,000 TONS OF WHICH WOULD BE EXPORTED BY RAIL TO ZAHEDAN, IRAN. THE TOTAL COST OF THE THREE PROJECTS HE ESTIMATED AT RS 95 CRORES (\$95 MILLION). IN ADDITION, PARACHA STATED, IRAN WOULD GIVE THE EQUIVALENT OF RS 7 CRORES TOWARD THE CONSTRUCTION OF A MEDICAL COLLEGE AT QUETTA AND AN ENGINEERING COLLEGE AT KHUZDAR. PARACHA ADDED THAT IRAN WAS FAVORABLY CONSIDERING ASSISTING IN A PROJECT TO STRENGTHEN THE EXISTING SPINTANGI/SIBI/QUETTA/NUSHKI/ZAHEDAN RAILROAD. PARACHA FORESAW "PRACTICALLY NO DIFFICULTY" IN BEGINNING WORK ON THE THREE INDUSTRIAL PROJECTS, AS IRAN HAD APPROVED BEGINNING CONSTRUCTION OF CIVIL WORKS AND ALL BUT A FEW MINOR POINTS IN THE BILATERAL AGREEMENTS HAD BEEN SETTLED.

2. PARACHA ANNOUNCED THAT THE RED LION AND SUN SOCIETY (IRANIAN RED CROSS/RED CRESCENT AFFILIATE) WOULD PROVIDE THE EQUIVALENT OF RS 44 CRORE FOR THE ESTABLISHMENT OF A BIG DISPENSARY AT TEMPLE DERA IN KACHHI DISTRICT, BALUCHISTAN. END UNCLASSIFIED.

3. BEGIN LIMITED OFFICIAL USE: COMMENT: THIS ASSISTANCE HAS BEEN ANNOUNCED AND PUBLICIZED SEVERAL TIMES PREVIOUSLY (SEE REFAIRGRAMS). AN IRANIAN-PAKISTANI JOINT COMMUNIQUE ISSUED JULY 18, REFERRING TO DISCUSSIONS BETWEEN THE SHAH AND PRIME MINISTER BHUTTO IN MARCH 1974 AND A BILATERAL LOAN AGREEMENT FOR \$580 MILLION SIGNED JUNE 12, MENTIONS THAT "IRAN WOULD BE PREPARED IN PRINCIPLE TO PARTICIPATE IN VENTURES ALREADY DECIDED BETWEEN THE TWO COUNTRIES", LIMITED OFFICIAL USE

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INCLUDING, INTER ALIA, TWO TEXTILE MILLS IN PAKISTAN (OF THE CAPACITY ANNOUNCED BY PARACHA), A CEMENT PLANT IN BALUCHISTAN WITH A DAILY PRODUCTION CAPACITY OF 1,000 METRIC TONS, AND A MEDICAL COLLEGE AND AN ENGINEERING COLLEGE IN BALUCHISTAN. IT SEEMS CLEAR THAT THE GOVERNMENT-TO-GOVERNMENT ASSISTANCE WILL THUS BE GIVEN UNDER THE AEGIS OF THE \$580 MILLION LOAN AGREEMENT; PARACHA'S ANNOUNCEMENT WOULD INDICATE THAT NEGOTIATIONS HAVE REACHED A PENUL-

TIMATE STAGE. WE HAVE NOT PREVIOUSLY HEARD ABOUT THE RED
LION AND SUN DISPENSARY PROJECT. COINCIDENTALLY, A CONGEN
OFFICER WILL VISIT QUETTA LATER THIS WEEK AND WILL INQUIRE
FURTHER INTO THE STATUS OF IRANIAN PROJECT ASSISTANCE IN
BALUCHISTAN.
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